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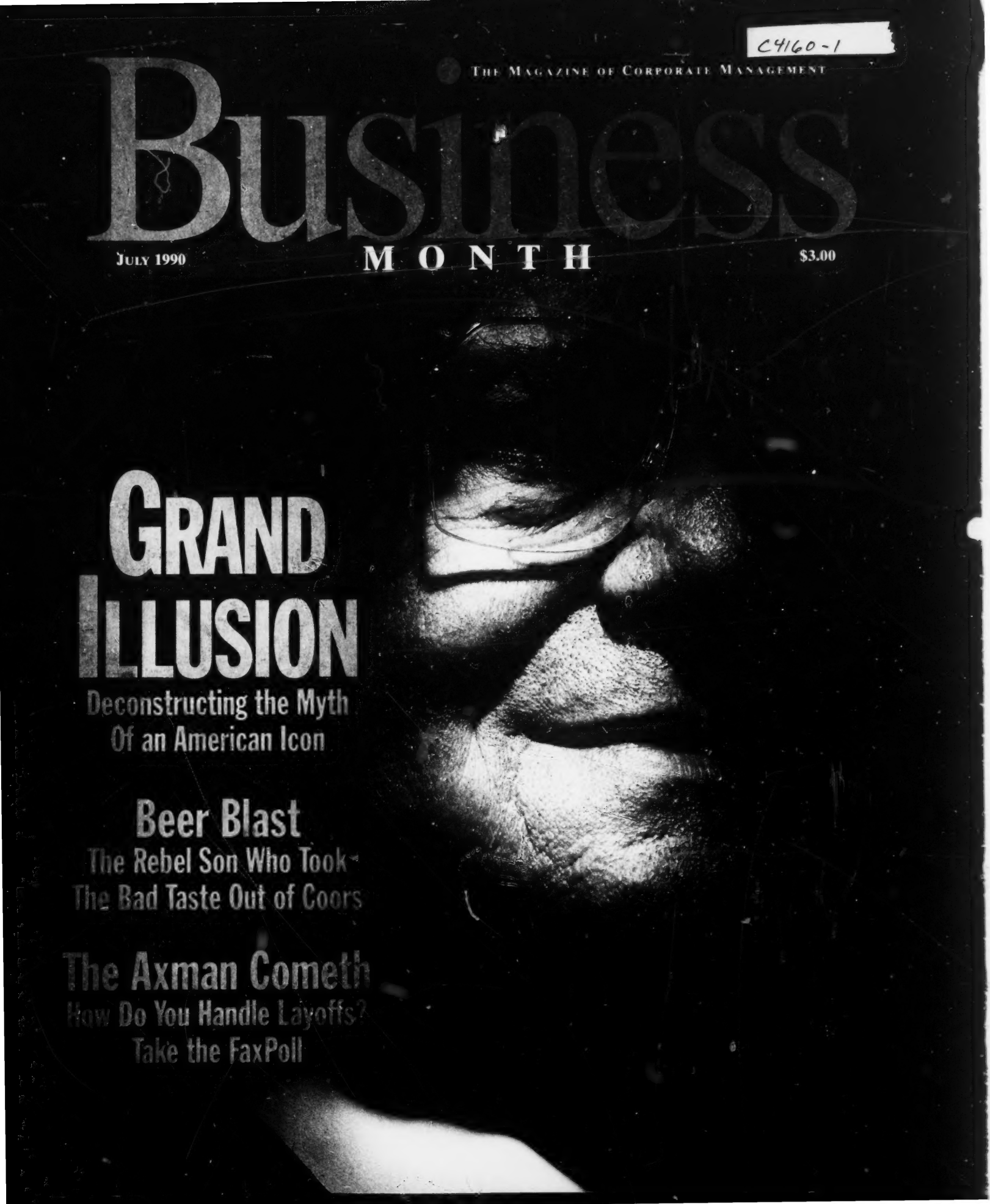

GRAND ILLUSION

Deconstructing the Myth Of an American Icon

Beer Blast

The Rebel Son Who Took The Bad Taste Out of Coors

The Axman Cometh

How Do You Handle Layoffs? Take the FaxPoll

Business Month

JULY 1990

FRANK W. OCKENFELS 3

24

WILLIAM DUKE

52

CAMERON DAVIDSON

34

Cover Photograph:
Frank W. Ockenfels 3

Features

THE COVER

24

Myth vs. Manager

Lee Iacocca's rescue of Chrysler in the early 1980s made him an American hero. But his inattention to fundamentals has brought the company back to the brink of ruin. Can the super salesman once again salvage Chrysler—and his reputation? *By John B. Judis*

CASE STUDY

34

Over the Hill and Back Again

Downsizing shoved many middle managers into early retirement. But corporate America may soon need them back. Will they come? *By Barbara Burgower*

THE ISSUE

40

Dubious Achievement?

This year, nearly 100 companies will each spend up to $1 million competing for a 14-inch hunk of glass—the annual Malcolm Baldrige National Quality Award. In their zeal, they're missing the point. *By Patrick Houston*

THE PROFILE

46

The New Face of Coors

A scion of the legendary *Braumeister* Adolph Coors is struggling to make the brewery a world-class contender. But Peter Coors must first overcome an insidious force—his own kin. *By Alex Prud'homme*

SPECIAL REPORT

52

Excessive Claims

Companies seek a simple cure for health-care inflation. They won't find it. The forces at work are powerful, and solutions will take guts. *By Susan Dentzer*

Departments

INSIDE MOVES/5

SPEAKOUT/7
Employers beware: The baby boomers are mad as hell

FAXPOLL FEEDBACK/9
Survivors and casualties of merger mania

AMERICA & CO./11
You can't run a company without office politics. Just ask the chimps

CEO's JOURNAL/14
For the co-bosses of Ernst & Young, power sharing's a piece of cake

THINKING GLOBAL/16
America's real advantage in Europe: speed

EXECUTIVE FILE/19
Tricks of the interviewers; life among the *gaigin*; ramblin' CEOs

INNOVATORS/64
Humanities be damned. Bring on the Oxbridge MBAs

QUICK S[illegible]Y/67
All that scare talk about German inflation just doesn't compute

UP THE LADDER/71
Why smart managers make dumb decisions

MOONLIGHTING/74
An oilman's personal contribution to the arts

FAXPOLL/76
Are you a hatchet man? Tell us what you think

In Japan, for example, there is a very high social tolerance toward alcohol and tobacco, and any negative economic consequences have yet to be identified. On the other hand, many third-world countries have much stricter attitudes to the use of any types of drugs (including alcohol), and their economic successes leave a lot to be desired.

The Netherlands share many similarities with the United States, and drugs have been freely and openly for sale there since 1985. Yet there are no gangs, there actually has been a drop in addiction to all types of drugs, there are no cocaine-related deaths, and in 1987 there were only 64 deaths from heroin, compared with 2,000 from alcohol and 18,000 from cigarettes.

Also, this past February, the Drug Policy Foundation released the results of a nationwide survey in which less than 1 percent of those surveyed who had not used cocaine said they would be "at all likely to try it" if cocaine were legal, and only 4.2 percent would be at all likely to try marijuana. That is a pretty far cry from the 20 percent rate of cocaine-addicted Americans Wilson predicts.

Finally, "legalizing drugs" does not mean allowing their commercialization, promotion, and marketing. Basically what is being advocated is a system of "controlled toleration" of the private use of drugs subject to the same legal responsibilities as are enforced for alcohol and tobacco.

WALTER BENDA
Eagan, Minnesota

THE EMPIRE STRIKES OUT

I CONGRATULATE BEN STEIN ON THE thoughtful presentation "Decline of the American Empire" (The Issue, May). It is one of the fact-packed articles that must be read. Once you start it, there is no stopping until, in shock, you come to the end. What Stein is saying is pretty much along the lines of my own philosophy: Republican and conservative.

TALMADGE HEFLIN
House of Representatives
State of Texas
Austin

SAFE PSYCH

"ARE YOU ASKING FOR TROUBLE?" (SpeakOut, April) raises some legitimate issues regarding psychological testing: concerns over privacy and disparate impact. However, the authors fail to recognize that these issues also apply to other screening tools that have come under greater attack for alleged privacy invasion and discrimination.

The authors state that "it's reasonable to expect that a job applicant who failed the [psychological] test might sue, claiming violation of his privacy." There has never been an invasion-of-privacy suit won based on psychological test use. In the instance of the most common preemployment test, the integrity test, no such complaints have even been filed.

Another unsubstantiated assertion is that "research may unearth evidence that psychological tests have disparate impact." To the contrary, few selection techniques can match the sheer volume of evidence demonstrating such tests' lack of disparate impact. For these reasons, and contrary to the essay's assertions, psychological testing is emerging as the employer's safest harbor.

DAVID W. ARNOLD
General counsel
Reid Psychological Systems
Chicago

THE KIDS ARE ALL RIGHT

Ben Stein's fable (Opinion, January) cautioning America's youth not to ignore the lessons of their past, which include the benefits of hard work and a good education, was reprinted in the May Reader's Digest *and again drew fire.*

I AM A MODERN TEENAGE BOY. I DRIVE A sports car, wear my hair long, and enjoy swapping jokes with my friends. But I also am capable of discussing dadaism or Nietzsche. I was not forced to learn; rather, I am self-motivated enough to want to learn on my own.

For every lazy teen, there is an aspiring and intelligent one. Some have family trees in America longer than my arm; others are foreign-born. But we all live in the same nation, and we all are interested in seeing its continued survival.

BRIAN ROSE
Houston

Address letters to Letters Editor, BUSINESS MONTH, *488 Madison Avenue, New York, NY 10022. Or fax 1-800-766-7655. All letters must include the writer's name, address, and telephone number.*

Torn by

No issue has so deeply divided our readers. Half of you, mainly senior executives, claim that merger mania left you feeling stronger and more self-assured. Lower-ranking managers—call them the walking wounded—seem dazed, powerless, and angry.

LAZY EXECUTIVES in the 1990s? No, clamor 77% of our readers. Why? Listen to various department managers: "They'll be too busy soothing disgruntled employees"; "The poor economy will be enemy enough"; "They have to pay off LBO debt or fail." Survivors think foreign competitors will keep sloth out of the executive suite; the walking wounded fear acquirers closer to home.

Takeovers

85%
of you think Drexel got what it deserved

THREATS BY RAIDERS made your company more competitive, insist 33% of you. But 32% grouse that raiders distracted management from more purposeful matters—presumably, watching the markets and making quality products. Survivors are more sympathetic to Drexel, and to buyouts generally, because they make their companies more responsive to shareholders. The walking wounded believe Drexel got off too easy and that buyouts are destructive because they enslave managers to short-term goals. A surprising 23% claim fearlessness in the face of takeovers. Reason: Many are beyond terror, because they've already been acquired.

FaxPoll™

HAS WALL STREET WHIPPED YOU?

- Forced to plead guilty to a felony, then shoved into bankruptcy, Drexel Burnham got what it deserved.
- The fear of being taken over made your company:
- Was the buyout binge of the 1980s really all that bad?
- How do you think tomorrow's CEOs will spend most of their time?
- Without corporate raiders to keep them on their toes, will executives become lazy in the 1990s?
- Who do you think will keep management in line?
- To get things done, today's executive has to rely more on influence and persuasion than on authority and power.

THE MAIN TASK OF TOMORROW'S BOSSES IS

45%
PLANNING STRATEGY

28%
CONTROLLING PEOPLE AND BUDGETS.

18%
MOTIVATING EMPLOYEES.

DAMN THE BUYOUT binge, say 69% of you, citing crippling debt and disemboweled businesses. "It destroyed the trust of the American worker forever," complains a senior vice president. Among the 31% who say mergers aren't all that bad is a controller who argues, "I think it has helped force corporations to be efficient."

PERSUADING is better than browbeating, say 80% of you. One chairman takes strong exception: "A boss is still a boss. The captain of the ship *tells* the crew what to do!"

DISSIDENT shareholders will keep executives honest (25%). Board members place second (22%), with greater support from survivors than from the walking wounded, who may suspect the board is too busy concocting poison pills to look after the company's interests.

JULY PREVIEW: BAD MEDICINE

Yes, you do feel sick about your health-care plan—so hundreds of you are telling us. But you're willing to look beyond the usual culprits: "Everyone shares in the blame, including jurors who award astronomical damages." Should employees be entitled to whatever benefits they need? What's the best way to cure the crisis? We'll have the story next month. Meanwhile, are you a hatchet man? Turn to page 76.

wanted to be an artist—that came later. He wanted to explore and develop oil fields. And he was impatient. He figured he could learn more from his father than he could in the classroom. Initially, the elder Calaway, who wanted his two sons to have university educations, was angry and told John to stay in school. But the boy was a formidably persuasive salesman. His father finally relented and supported his efforts to start a company.

In an ironic twist of fate, Edge opened for business—and prospered—during the toughest times the oil industry had seen in decades, the mid-'80s crash that some Texas oilmen now call the Wreck. "We never slowed down," Calaway says, even though other operators were falling into bankruptcy right and left. Since Edge was new, it was unencumbered by a weighty payroll and high overhead, and Calaway could take advantage of the misfortune of his colleagues. He used rental equipment, then available at a fraction of boom-days rates, and crews happy to get work at wages they would have laughed at a few years earlier. And he spent a lot of money buying up oil and gas leases that other operators were either too broke or too gun-shy to touch.

Now, at 32, Calaway is part of Big Oil's old guard. He spends a sizable part of each day studying the logs that track oil and gas flow from his wells and the computer-generated seismic cross-sections that offer the promise of new ones. The cross-section printouts, which resemble delicate pen-and-ink drawings, hang on the cream-colored walls of his office alongside abstract and sometimes provocative works by local artists—a small fraction of the more than 1,000 original pieces of art, not counting his own, in his collection. No cowboy art or dead-duck paintings here.

For his first five years as a sculptor, Calaway worked in the studio seven days a week, from 5:30 every afternoon until 11:00 during the workweek and all day Saturday and Sunday. Then he got married, and his wife began to resent never seeing him. So they worked out a compromise: He spends two nights a week and all day Saturday at his studio.

If he had to live off his artwork, which ranges in price from $650 for a small painting to $25,000 for a large marble sculpture, he wouldn't starve. But his life-style would be more modest than a successful independent oilman's.

Each profession has become an essential part of the success of the other. "During 1986, at the bottom of the bust, a lot of good people in this business were terribly depressed because we'd all run up against a brick wall, and there was nothing we could do about it," he says. "But I'd go down to my studio and get onto a big piece of stone with my chisel, and all my worries would fall away. The next morning, I'd walk into my office, and people would say, 'How can you be so up?' I was up because I had made progress on my rock."

Most of the time, Calaway is brimming with intensity, so much so that it's daunting to think what he would be like if he didn't have art to bleed off some of the energy from his business life. "I hate to waste time," he says. "Nothing makes me madder than people who waste time." Sculpture and painting loosen him up and keep him mentally flexible, able to react to changing conditions. "In business we have so many rules—with contracts, courts, and SEC regulations everywhere," he says. "As an artist, I like to break all the rules I can.

"When I'm in my studio with a chisel and a piece of rock, it doesn't matter how much money I have. It doesn't matter what I look like. It doesn't matter how persuasive I am," Calaway says. "And yet, it gives me a fulfillment and a confidence I couldn't have otherwise. I think it's saved me, because I wasn't nearly as happy before." ■

Sandy Sheehy is the author of Texas Big Rich (*William Morrow & Company*).

"The marketing plan said we'd double in size, so Ed in Purchasing—remember Ed?—he got this great volume discount on office furniture."

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